87-01136/

Annual Report

1985-86

Saskatchewan
Liquor Board

Letter of Transmittal

Saskatchewan
Liquor Board
Annual Report
1985-86

The Honourable Frederick W. Johnson,
Lieutenant Governor of the
Province of Saskatchewan.

Dear Sir:

I have the honour to hereby transmit the annual report of the Saskatchewan Liquor Board for the year ending March 31, 1986.

Yours sincerely,

George McLeod,
Minister in Charge,
Saskatchewan Liquor Board.

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A Message from The Chairman of the Board

Regina, Saskatchewan

The Honourable G. McLeod,
Minister in Charge,
Saskatchewan Liquor Board.

I have the honour to submit pursuant to Section 222 of The Liquor Act the sixty-first annual report for the fiscal year ending March 31, 1986.

I wish to express my thanks to all of our employees for their support and good service throughout the year.

Respectfully submitted,

Martin Pederson

Martin Pederson
Chairman.

General Manager's Report

1985/86 was a year in which public attention was drawn to the issue of contaminants in wines. In July we were notified of certain Austrian wine producers adding diethylene glycol to their wines to improve the sweetness and taste. Diethylene glycol is considered poisonous and is used in making antifreeze. Fortunately, none of the Austrian wines we carried were contaminated. In August, New Zealand wines were removed from the shelves and two brands which contained mesurol were destroyed. Mesurol is a pesticide which is not approved for use in Canada. In November, the presence of ethyl carbamate was discovered in certain ports, sherries, brandies and bourbon. Those products found to be contaminated were removed from our shelves and destroyed. Ethyl carbamate is known to be a carcinogen. In November, diethylene glycol again received attention. This time trace amounts were detected in some Italian wines. The contamination was accidental and the contamination levels extremely low. However, all products containing the contaminant were removed from the shelves and destroyed.

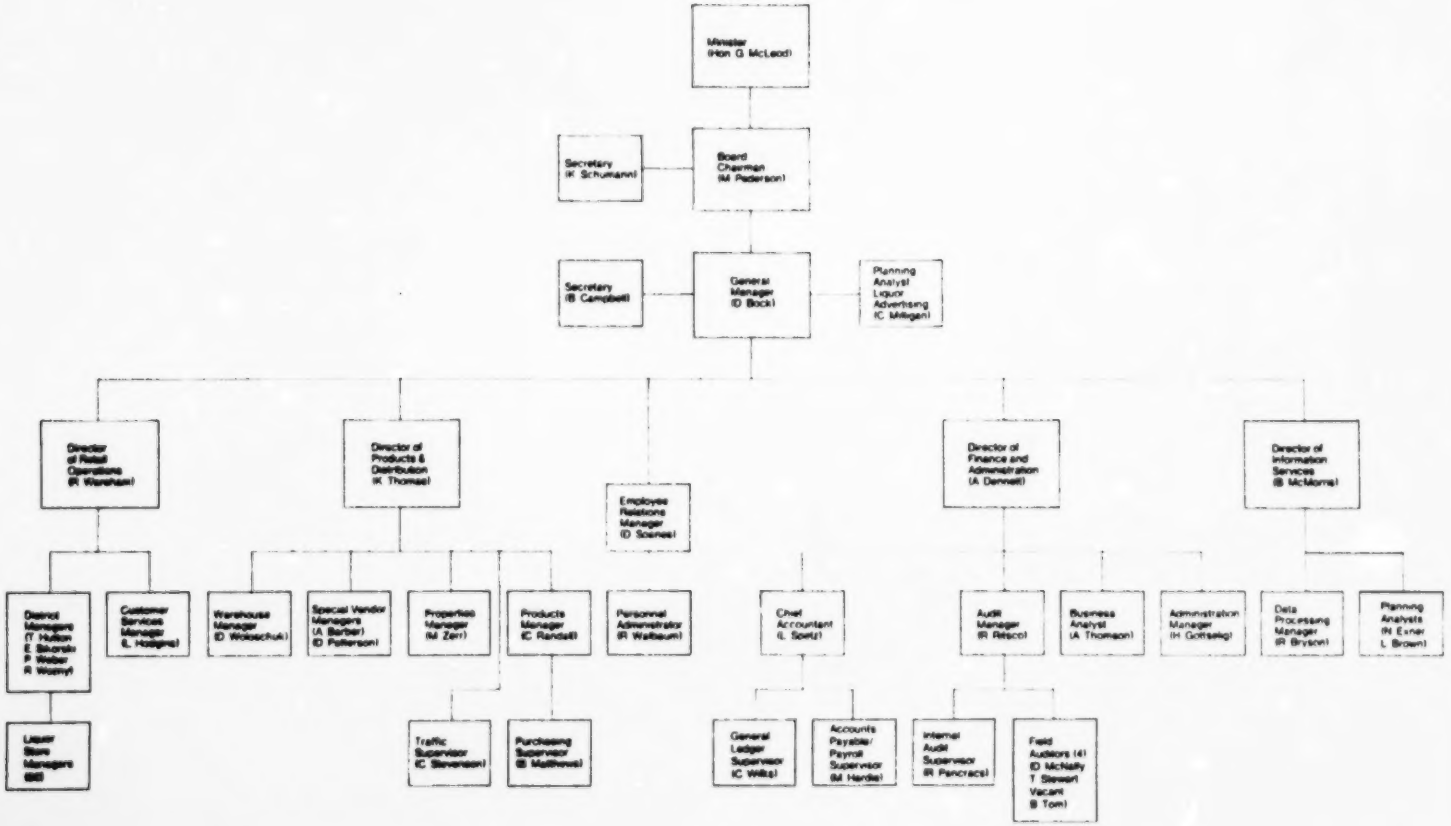
To help prevent further similar occurrences, liquor boards across Canada are increasing the amount and scope of their testing procedures. Federally, Health and Welfare Canada is co-ordinating information amongst the various jurisdictions and is determining what are safe and acceptable levels of the various contaminants in alcoholic beverages.

In terms of consumption, spirits and beer faced declining volumes of 0.1% and 4.6% respectively. Spirits would have declined by 2.0% had it not been for March prebuying to avoid price increases. Wines would have also declined in volume by 4% had it not been for the explosive growth of wine coolers. In fact, we expect wine coolers and spirit coolers to be the only significant growth area in the near future.

Despite declining volumes, the Liquor Board managed to show modest increases in sales and net income. For the most part this was due to inflationary increases, federal tax increases as well as foreign exchange price increases, but was also due to significant reduction of our operating expenses. In closing, I would like to thank our customers for their patrongage and to thank our employees for a job well done.

Sas:atchewan Liquor Board

Organizational Chart as at
March 31, 1986



Operations

Retail Operations

As of March 31, 1986, the Board was operating 159 special vendor agencies and 86 liquor stores. Two of these stores, one in Regina and Saskatoon, are designed exclusively to serve the licensee trade.

New special vendor agencies were appointed in Dundurn and Edam and the vendor operation in Uranium City closed July 13, 1985. 116 vendor operations are utilizing the self-serve format. This is an increase of 15 over last year leaving only 43 utilizing the counter-service mode.

In 1985/86 the Liquor Board concentrated on upgrading a number of store facilities in Saskatoon. New outlets were leased in the Confederation Park, Sutherland, downtown and Avalon Districts of the city. The store in Avalon is somewhat unique in that it was designed as a limited brand "mini" store operated by one person and intended to serve only the immediate surrounding neighbourhood.

New stores were also developed in Meadow Lake and West Central Regina. In addition, the Hafford liquor board store was converted to self-service mode leaving only six counter-service stores in the province.

Significant emphasis during the year was placed on completing the implementation of the computerized retail information management system. All retail functions were in place by early May 1985 including regular retail, permit and licensee sales. The computer assisted stock order quantity system for proper inventory control was developed, tested and implemented in the store system by March 1986. The information provided by this system will greatly enhance retail managements ability to base business decisions on an appropriate information base.

Emphasis also continued to be placed on improving productivity in the store system, with this year showing a 4.5% increase. Customer service and product presentation continued to receive attention with positive feedback being received from customers. Product knowledge courses were given to both retail store employees and special vendor agency personnel to better enable them to offer service to the public.

At year end, the Board was embarking on a new telephone ordering system for special vendors designed to reduce the time span between order placement and receipt of the same.

Products and Distribution

Spirits, wine and imported beer are distributed to Liquor Board stores and Special Liquor Vendors from a central bonded warehouse located in Regina.

Domestic beer is distributed for the Board by the Saskatchewan Brewers Association.

At year end, the Board had 1069 general product listings and 287 specialty listings. These products are supplied to the Board by Canadian and Foreign suppliers throughout the world. Specialty listings are designed to give the public a broader selection of products with a particular emphasis on wines. Specialty products are handled by the Albert South store in Regina and the 2nd Avenue North store in Saskatoon. Specialty products are also available to the general public and licensees upon request through Board stores and Special Liquor Vendors located outside Regina and Saskatoon.

1985/86 was a continuation of changing preferences in wine and a major acceptance of the new wine cooler products.

Significant increases were realized in white wines, specifically French and to a lesser extent German and light white wines. Canadian whites however lost some favour. Sparkling wines continued to lose consumer preference as did red wines.

Imported wines increased their market share slightly despite the contaminant issues and year end price increases due to higher foreign exchange rates.

The real success story is the new wine cooler products that cornered 8% of the wine market in their first year. The success of wine coolers has led distillers to produce "spirit coolers" to compete with wine coolers and therefore offset their declining spirit sales. Spirit sales continue to decline with only white and light rum showing any increase.

Liqueur which used to be a growth category declined over 4% with only cream based liqueurs showing any increase.

Beer sales were down in 1985/86 by almost 5% primarily as a result of a cooler summer and competition from wine coolers. The big trend in beer was a dramatic increase in market share of light beer from 12% to 21%.

For 1986/87 we expect to see further dramatic increases for wine and spirit coolers. Wine growth will likely be stagnant due to the higher prices for imported wines. Spirits will continue to decline in sales which could trigger higher prices as distillers attempt to offset revenue losses.

Financial Operations

Although volume sales were down, dollar sales were up by 2.5% to $297.6 million. These sales gains were attributable to price increases as a result of:

- May 24, 1985 — 2% Federal excise tax rate increase.
- Jan. 1, 1986 — Federal sales tax on alcoholic beverages increased from 13% to 14%.
- Feb. 26, 1986 — 4% increase in Federal excise tax rates.
- increased supplier prices
- significant increases in purchasing foreign currencies.

Licensees and to a lesser extent, the general public purchased more than normal quantities of wines and spirits in March/86 to avoid the March 17 and 31 price increases resulting from Federal tax increases. These extra purchases were estimated to be over $3,000,000 and will result in a reduction of expected 1986/87 sales.

Gross profit increased slightly less than sales due to change in product mix. Operating expenses were reduced by over $1.2 million. $1.0 million of this was due to reduced labour costs.

All of the above resulted in a 3.9% increase in net income to $116.6 million. $84.0 million was transferred to the consolidated fund leaving $149.4 million in retained earnings.

Personnel

During the 1985/86 fiscal year Liquor Store Managers, who were excluded from the scope of the collective bargaining agreement by a September 1984 Labour Relations Board ruling, completed a series of seven management training courses. This was a major training undertaking which was conducted to enable managers to better understand the knowledge and application of various management theories and practices.

Late in the 1985/86 fiscal year preparation began for negotiation on a new collective bargaining agreement as the most recent agreement expired on March 29, 1986.

The breakdown of the number of staff as of March 31, 1986 was:

	Permanent	Part-time*
General Administration	8	0
Products and Distribution	32	5
Information Systems	7	2
Finance and Administration	34	7
Retail Operations	216	279
Personnel	3	0
	300	293

* The hours these part-time people work would represent 129 full time equivalent positions as of March 31, 1986.

Permits Issued

	1985/86	1984/85
Brewers Permits	3	3
Brewers Hospitality Suite Permits	3	3
Distillers Permits	1	1
Permits to Druggists, Physicians, etc.:		
— Druggists' sale and compounding permits	13	10
— Physicians' professional use	3	3
— Manufacturing and Scientific purposes	28	30
Permits to persons engaged in business of selling church supplies		
— sacramental wine	2	2
Permits issued:		
Individual and Organization — Non sale of liquor	12,496	12,490
Organization — sale of liquor	18,113	18,112
Community Event	480	438
	31,089	31,040

Saskatchewan Liquor Board Stores as at March 31, 1986

Assiniboia

Battleford
Biggar
Broadview
Buffalo Narrows (C)

Canora
Carlyle
Carrot River
Creighton

Davidson

Esterhazy
Estevan
Eston

Foam Lake
Fort Qu'Appelle

Gravelbourg
Gull Lake

Hafford
Hudson Bay
Humboldt

Indian Head
Ituna

Kamsack
Kelvington
Kerrobert
Kindersley
Kipling

La Loche (C)
Langenburg
Lanigan
La Ronge
Leader
Lloydminster

Maple Creek
Meadow Lake
Melfort
Melville
Moose Jaw
- 100 Fairford St. and 2nd Ave. N.W.
- 510 4th Ave. N.W.

Moosomin

Nipawin
North Battleford

Outlook

Ponteix
Preeceville
Prince Albert
- 554 17th St. W.
- South Hill Shoppers Mall

Radville (C)
Raymore (C)
Regina
- Park St. and 10th Ave.
- 10th Ave. and Park St. (L)
- Broadway Ave.
- Normanview Shopping Centre
- 12th Ave. and Broad St.
- 416 Albert St. N.
- 2626 28th Ave.
- 1165 Pasqua St.
- University Park Shopping Centre

Rosetown
Rosthern

St. Walburg
Saskatoon
- 401 20th St. W. (C)
- 2325 Preston Ave.
- Westgate Plaza
- 124 3rd Ave. N.
- Idylwyld North
- Avalon Shopping Centre
- Sutherland
- Grosvenor Park
- Lawson Heights
- 1st Ave. (L)

Shaunavon
Shellbrook
Stoughton (C)
Swift Current

Tisdale

Unity

Wadena
Wakaw
Waskesiu
Watrous
Weyburn
Wilkie
Wynyard

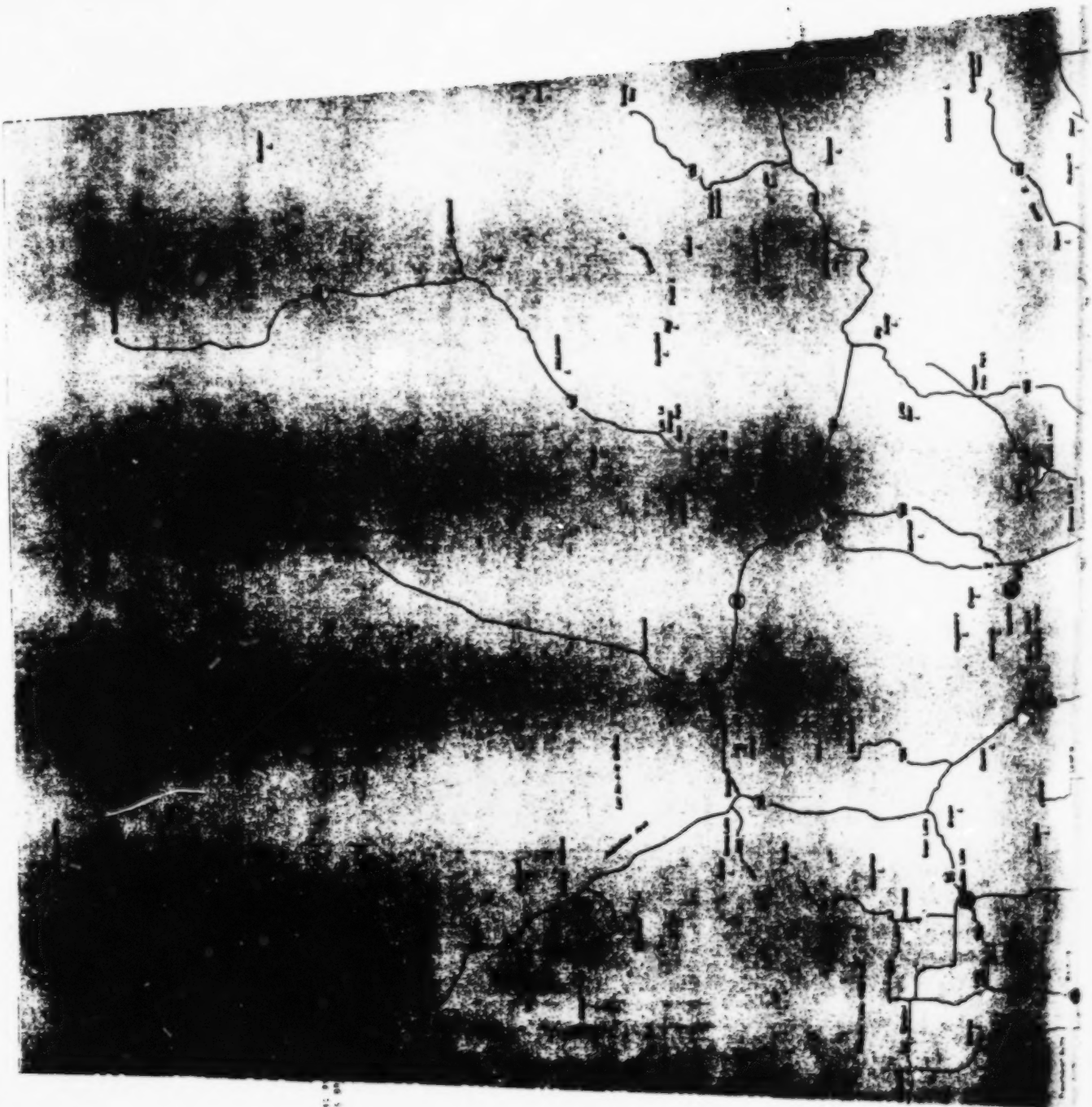
Yorkton

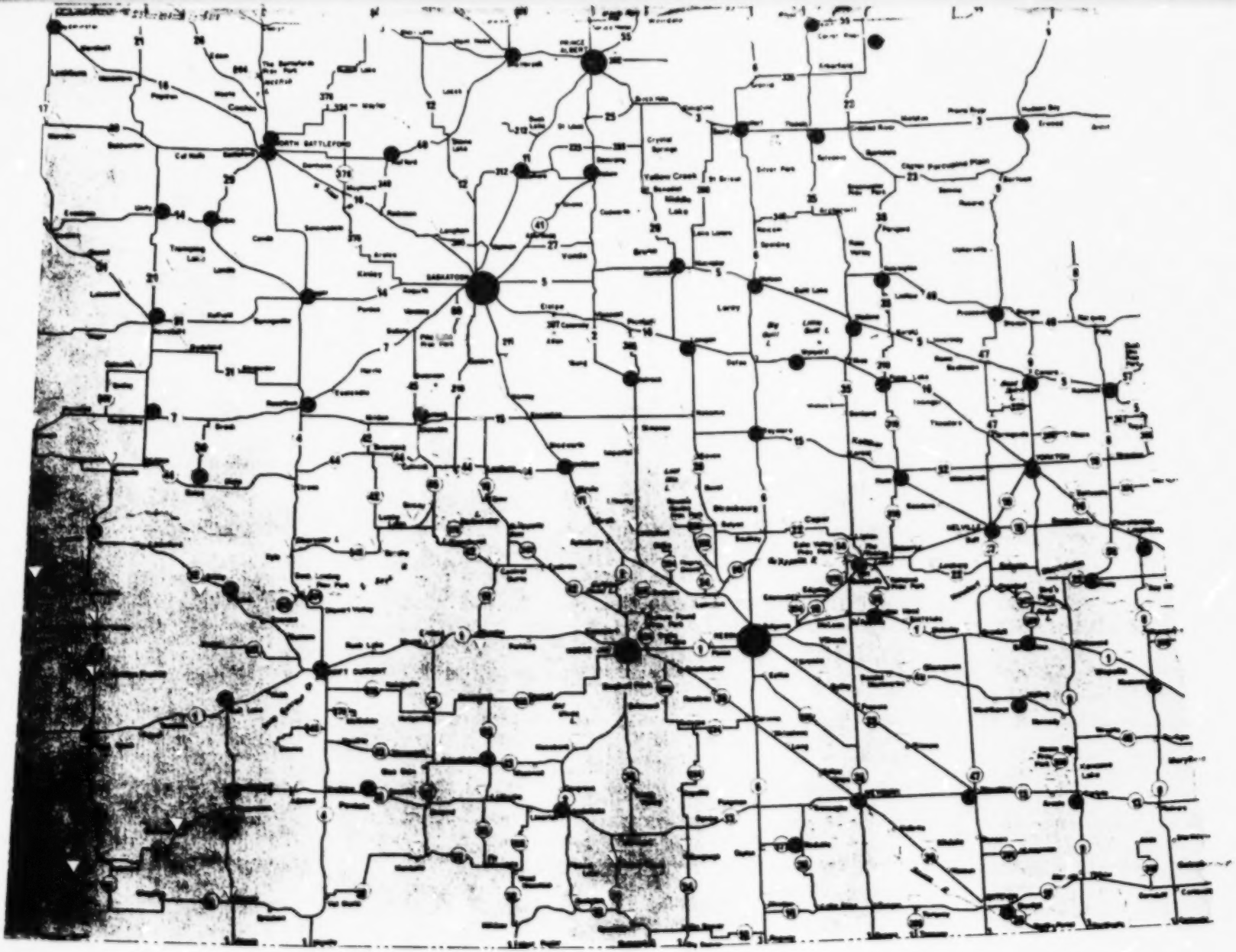
C — Counter Service Store
L — Licensee Only

Number of Stores	
Self-Serve	78
Counter Service	6
Licensee Only	2
Total	86

8

Map





● Liquor Board Stores

Special Liquor Vendors

10

Special Liquor Vendor Outlets

Special Liquor Vendor Outlets as at March 31, 1986

Abbey
Admiral
Allan
Alsask
Alvena
Arborfield
Arcola
Avonlea

Balcarres
Balgonie
Beechy
Bengough
Big River
Birch Hills
Bjorkdale
Blaine Lake
Bruno
Buchanan
Burstall

Cabri
Candle Lake
Carnduff
Central Butte
Ceylon
Chaplin
Choiceland
Churchbridge
Climax
Cochin
Coleville
Colonsay
Consul
Coronach
Craik
Crane Valley
Cudworth
Cupar
Cut Knife

Debden
Delisle
Dinsmore
Dodsland
Domremy
Dorintosh
Duck Lake
Dundurn

Eastend
Eatonia
Edam
Elbow
Elrose
Emma Lake

Fillmore
Fox Valley

Gainsborough
Glaslyn
Glenavon
Golden Prairie
Goodeve
Goodsoil
Govan
Grayson
Grenfell

Hanley
Harris
Hodgeville
Holdfast

Imperial
Invermay

Kelliher
Kenaston
Kenosee Lake
Kinistino
Kinley
Kyle

Lafleche
Lake Lenore
Lampman
Landis
Langham
Lashburn
Leask
Lemberg
Leoville
Leroy
Loon Lake
Lucky Lake
Lumsden
Luseland

Macklin
MacNutt
Maidstone
Mankota
Marsden
Maryfield
Mayfair
Midale
Middle Lake
Milestone
Minton
Mistatim
Montmarte
Moose Jaw C.F.B.
Morse
Mossbank

Naicam
Neudorf
Nokomis
Norquay

Ogema
Oxbow

Paddockwood
Pelly
Pense
Pierceland
Porcupine Plain

Quill Lake

Rabbit Lake
Radisson
Redvers
Regina Beach
Rhein
Riverhurst
Rocanville
Rockglen
Rose Valley
Rouleau

St. Brieux
Saltcoats
Sedley
Shell Lake
Simpson
Southey
Spiritwood
Spy Hill
Star City
Stockholm
Strasbourg
Sturgis

Theodore
Togo
Torquay
Tramping Lake
Turtleford

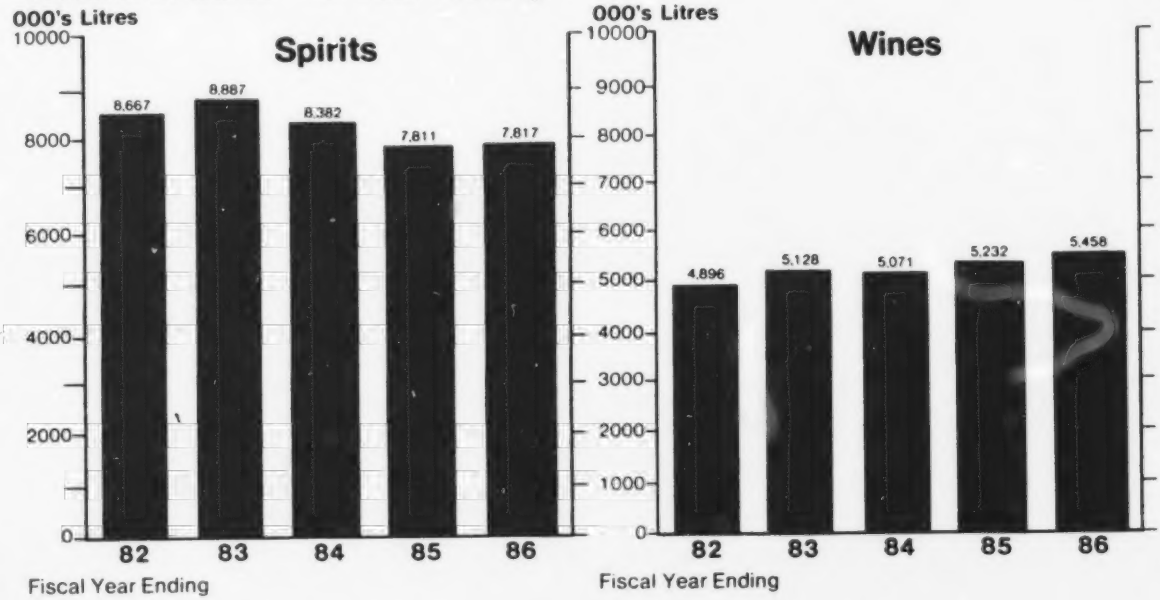
Val Marie
Vanguard
Vibank
Viscount
Vonda

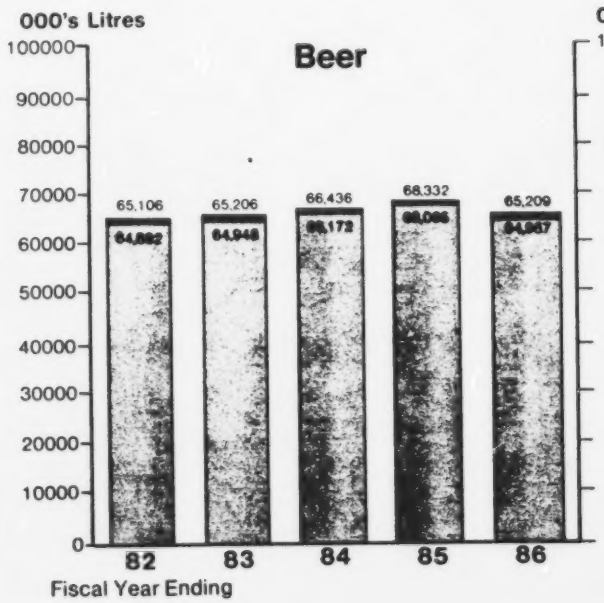
Wapella
Wawota
Weirdale
Whitewood
Willow Bunch
Wishart
Wolseley
Wroxton

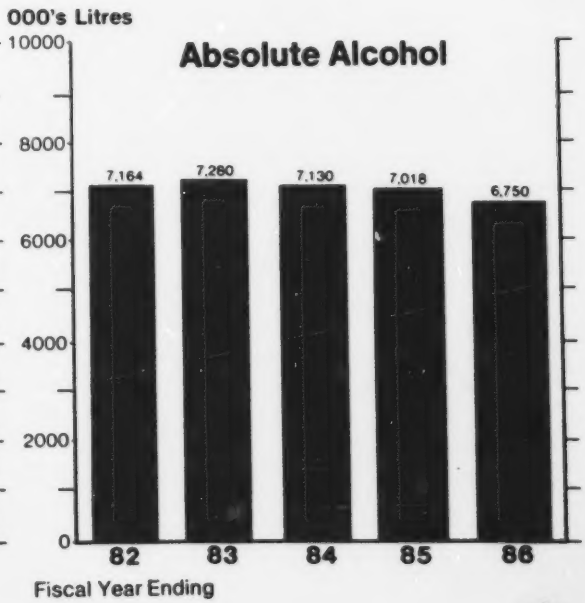
Yellow Creek
Young

Total Number of S.V. = 159

Volume of Sales — 5 Year History

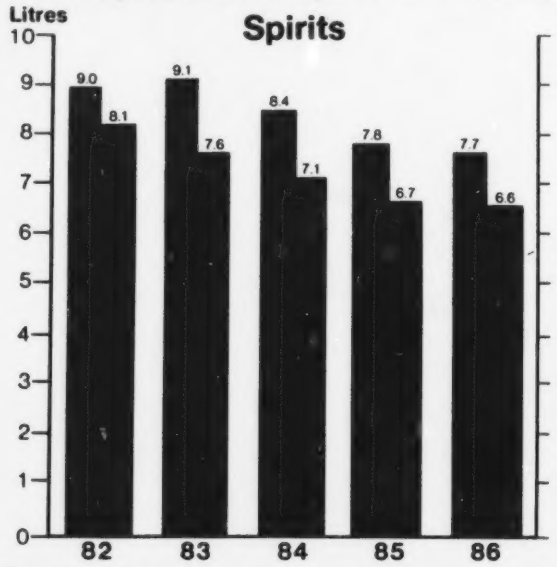




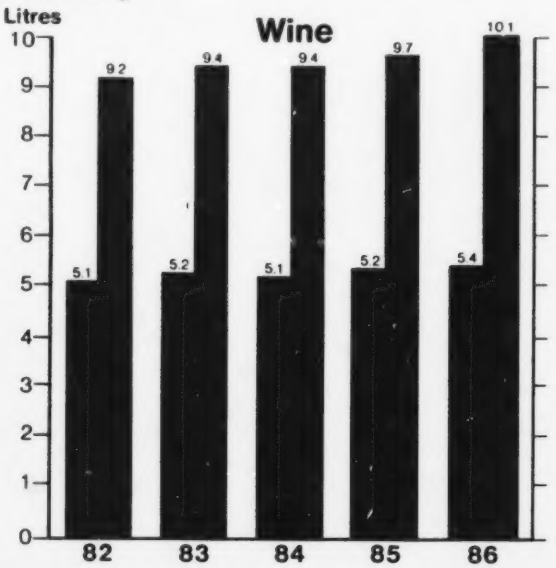


Consumption

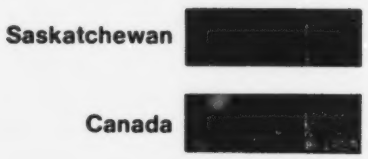
Per Capita Consumption — Five Year History



Fiscal Year Ending March 31



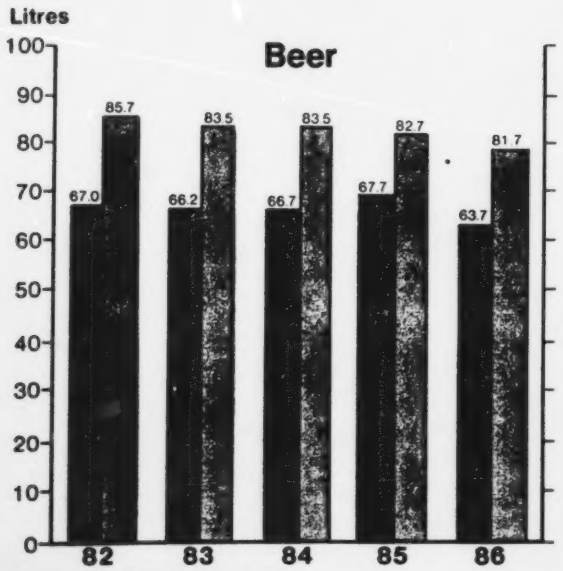
Fiscal Year Ending March 31



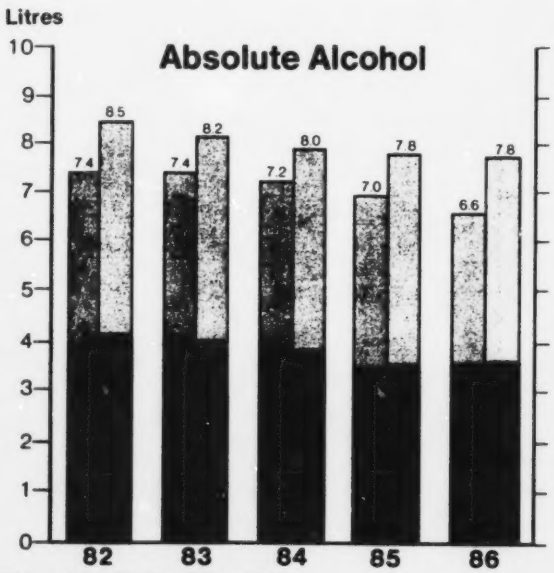
Notes

These are actually per capita sales figures. True consumption figures are unobtainable.

The weighted average alcohol content was used to convert spirits, wine and beer to absolute alcohol.



Fiscal Year Ending March 31



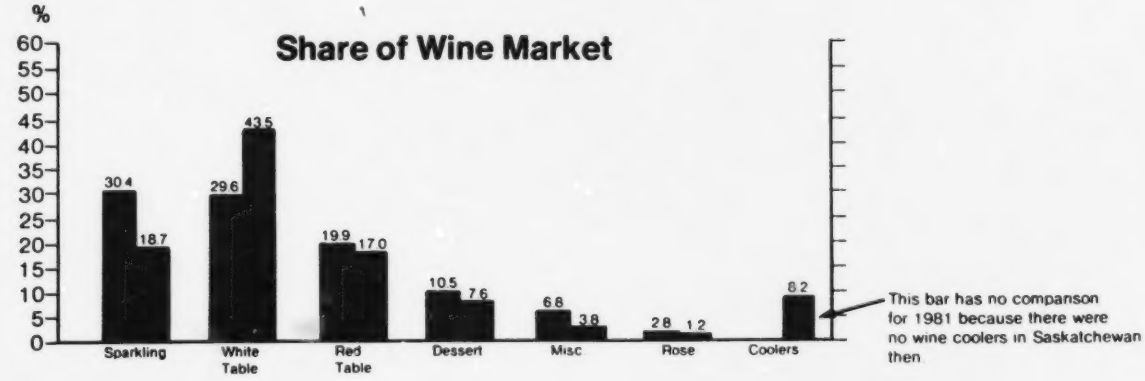
Fiscal Year Ending March 31

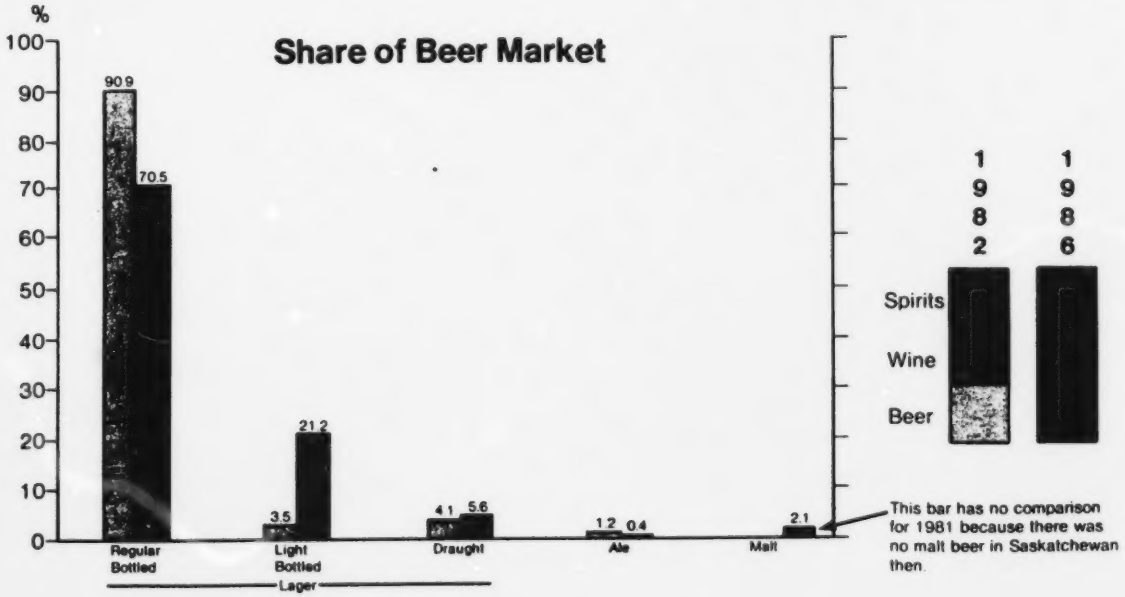
Per Capita Consumption of Various Countries in 1984

Total Alcohol		Spirits		Beer		Wine	
Luxembourg (a)	19.3	Luxembourg (a)	15.0	East Germany	146.7	Italy	90.5
France	14.2	U.S.S.R.	14.5	West Germany	144.4	Portugal	88.0
East Germany	13.3	Hungary	12.9	Czechoslovakia	140.1	France	82.0
Portugal	12.9	East Germany	12.4	Denmark	134.0	Luxembourg	62.5
West Germany	11.9	Poland	10.9	Belgium	125.0	Switzerland (c)	54.8
Italy	11.5	Czechoslovakia	8.5	Luxembourg	120.6	Spain	45.0
Hungary	11.4	Bulgaria	7.8	Ireland	120.0	Austria	36.4
Switzerland	11.1	**SASKATCHEWAN**	7.8	New Zealand	116.2	Hungary	30.0
Austria	11.0	Finland	7.5	Australia	115.0	Yugoslavia	30.0
Spain	10.9	United States	7.2	United Kingdom	110.1	Romania	29.0
Belgium	10.7	Spain	7.2	Austria	107.7	West Germany	25.7
Denmark	10.4	**CANADA**	6.7	United States	90.7	Belgium	22.9
Czechoslovakia	10.2	Netherlands	6.2	Hungary	87.0	Bulgaria	22.5
Australia	9.3	West Germany	5.9	Netherlands	83.4	Australia	21.3
Bulgaria	8.7	Yugoslavia	5.9	**CANADA**	**82.7**	Denmark	18.9
Netherlands	8.6	France	5.7	Switzerland	68.6	U. Kingdom (c)	15.8
Yugoslavia	8.4	Iceland	5.7	**SASKATCHEWAN**	67.7	Netherlands	15.2
U.S.S.R.	8.4	Switzerland	5.4	Bulgaria	60.0	Czechoslovakia	14.1
New Zealand	8.1	Japan	5.4	Finland	59.5	New Zealand	14.0
United States	7.9	Sweden	5.4	Spain	59.0	Japan (d)	13.0
CANADA	7.8	Romania	5.2	Yugoslavia	50.0	U.S.S.R.	12.7
Romania	7.7	Belgium	4.9	Norway	46.8	Sweden	11.6
United Kingdom	7.3	New Zealand	4.7	Romania	45.0	East Germany	10.0
SASKATCHEWAN	7.0	United Kingdom	4.1	Sweden	45.0	**CANADA**	**9.7**
Ireland	6.7	Denmark	3.9	France	41.2	United States	8.9
Finland	6.6	Ireland	3.9	Japan	41.0	Finland	8.9
Poland	6.2	Austria	3.9	Portugal	35.5	Poland	8.3
Japan	5.9	Norway	3.4	Mexico	34.0	Iceland	7.9
Sweden	5.2	Australia	3.1	Poland	26.6	**SASKATCHEWAN**	**5.2**
Iceland	4.0	Italy	3.1	U.S.S.R.	24.0	Norway	4.4
Norway	4.0	Israel	2.3	Italy	19.5	Israel	4.0
Mexico	2.4	Portugal	2.1	Iceland	17.1	Ireland	3.3
Israel	1.9	Mexico	1.8	Israel	11.0	Mexico	0.2

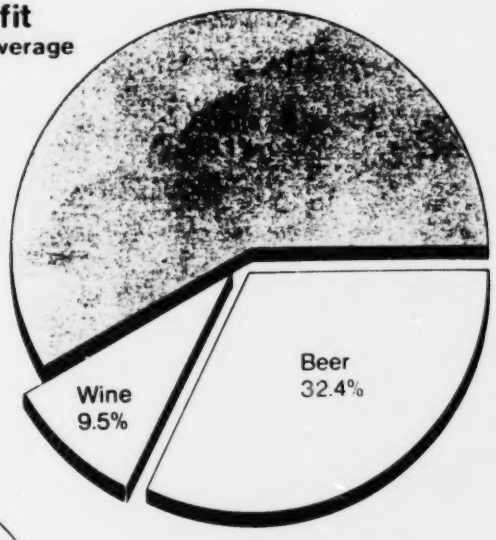
(a) Luxembourg figures are overstated due to large amount of purchase by tourists.
(b) Figures for East Germany, Yugoslavia, Romania and Israel for 1983.
(c) Includes cider.
(d) Includes sake.

Sales Trends

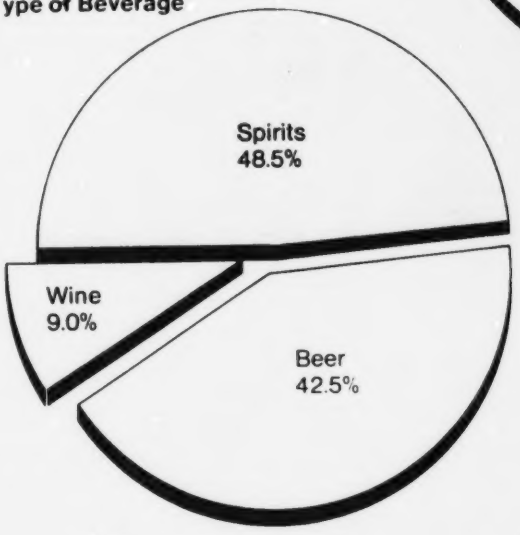




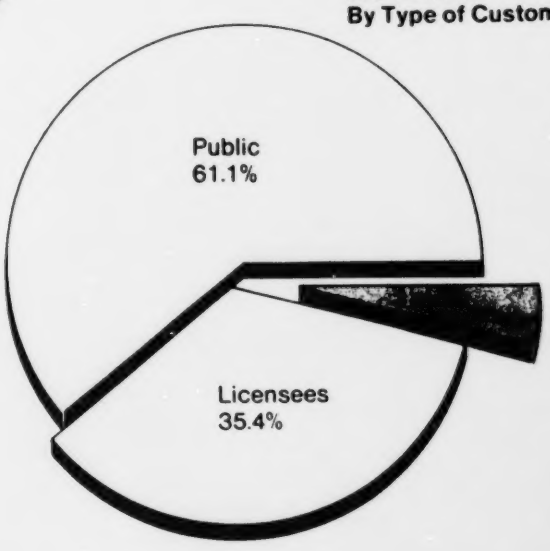
Gross Profit
By Type of Beverage



Revenue
By Type of Beverage

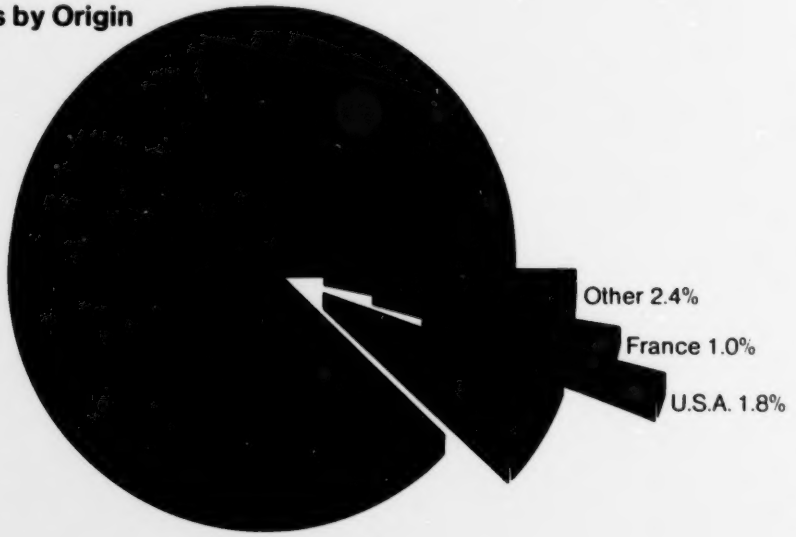


Revenue
By Type of Customer

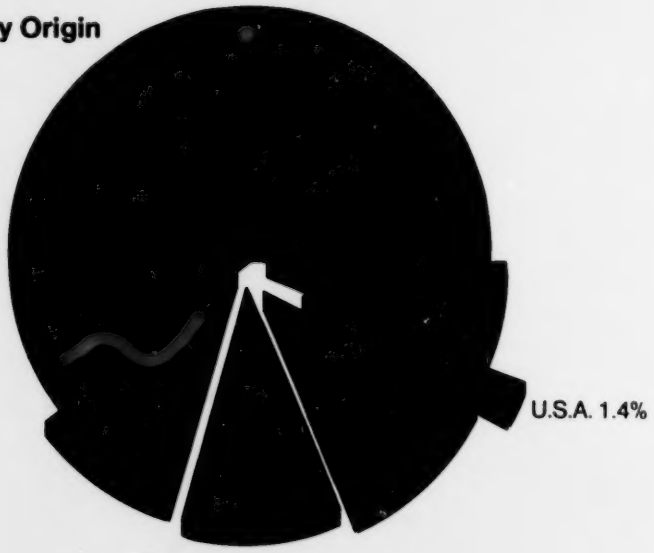


Volume of Sales

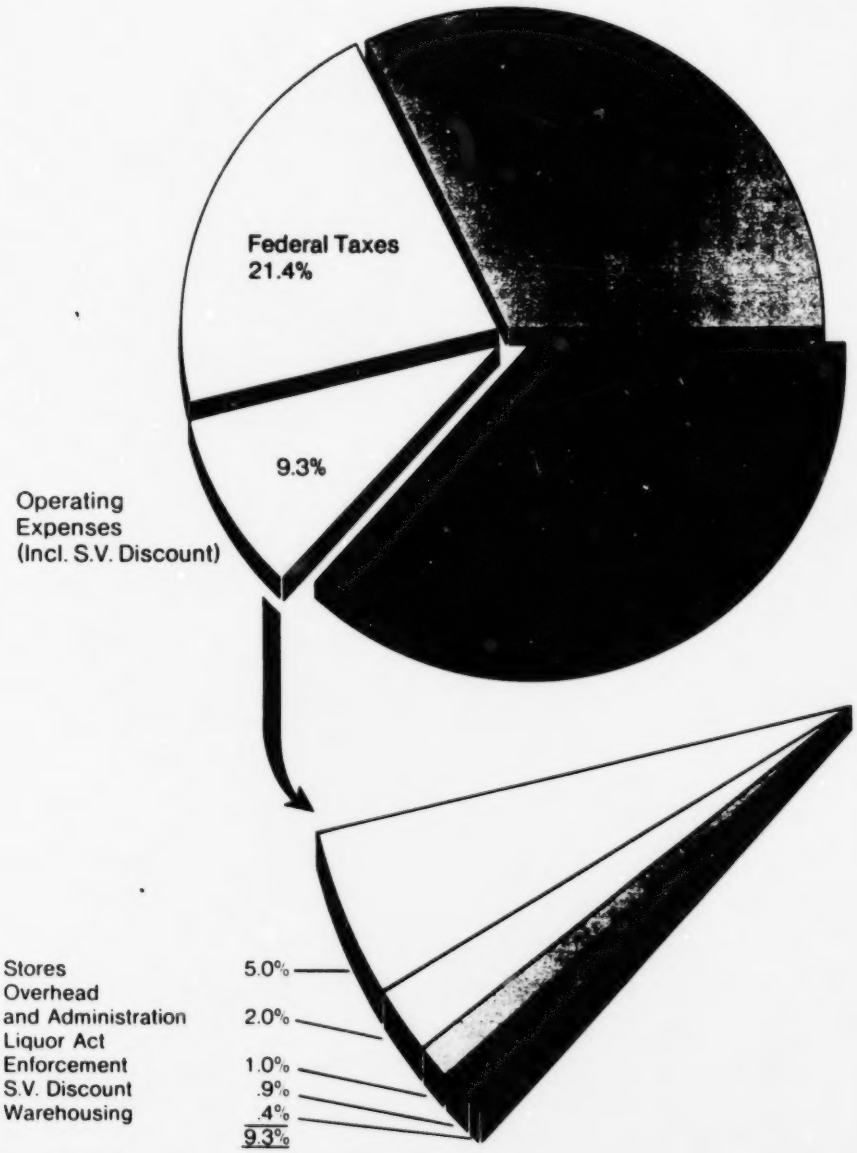
Spirits by Origin



Wine by Origin



Application of Revenue



Schedule of Sales by Liquor Stores

for the year ended March 31, 1986

Location	Number	Wine & Spirits	Beer	Total
Assiniboia	519	$ 1,017,008	$ 288,801	$ 1,305,809
Battleford	522	901,295	341,201	1,242,496
Biggar	525	686,009	217,752	903,761
Broadview	586	314,417	154,211	468,628
Buffalo Narrows	606	401,958	445,786	847,744
Canora	536	950,164	197, 810	1,147,974
Carlyle	554	666,574	232,867	899,441
Carrot River	601	399,436	186,770	586,206
Creighton	542	904,716	138,272	1,042,988
Davidson	555	430,412	166,167	596,579
Esterhazy	556	821,037	304,858	1,125,895
Estevan	520	2,432,327	554,342	2,986,669
Eston	602	351,023	85,029	436,052
Foam Lake	597	617,172	153,601	770,773
Fort Qu'Appelle	553	1,163,582	373,753	1,537,335
Gravelbourg	518	533,474	179,227	712,701
Gull Lake	516	432,709	126,139	558,848
Hafford	595	268,588	70,134	338,722
Hudson Bay	545	736,918	238,160	975,078
Humboldt	515	1,553,701	588,626	2,142,327
Indian Head	543	513,715	206,539	720,254
Ituna	531	452,911	94,981	547,892
Kamsack	512	875,278	201,490	1,076,768
Kelvington	541	527,971	135,224	663,195
Kerrobert	537	414,352	153,362	567,714
Kindersley	523	1,710,731	500,078	2,210,809
Kipling	528	410,880	146,517	557,397
La Loche	567	259,867	501,284	761,151
La Ronge	588	1,556,593	492,572	2,049,165
Langenburg	563	329,146	129,885	459,031
Lanigan	564	503,263	160,477	663,740
Leader	551	357,610	137,335	494,945
Lloydminster	548	670,771	456,228	1,126,999
Maple Creek	521	737,402	297,495	1,034,897
Meadow Lake	532	1,217,545	592,496	1,810,041
Melfort	524	1,532,682	451,039	1,983,721
Melville	514	1,324,176	342,360	1,666,536
Moose Jaw:				
510 4th Ave. S.W.	562	1,384,399	490,024	1,874,423
100 Fairford St. W.	506	4,638,541	1,403,456	6,041,997
Moosomin	547	744,481	259,138	1,003,619
Nipawin	534	1,518,491	394,323	1,912,814
North Battleford	509	3,127,865	949,130	4,076,995
Outlook	576	518,166	208,780	726,946
Ponteix	579	331,751	102,060	433,811
Preeceville	605	704,667	158,078	862,745
Prince Albert:				
South Hill Shopper's Mall	546	4,511,264	1,757,658	6,268,922
554 17th St. W.	507	3,207,425	8511,440	4,058,865

Schedule of Sales by Liquor Stores — continued

for the year ended March 31, 1986

Location	Number	Wines & Spirits	Beer	Total
Radville	529	271,343	13,042	374,385
Raymore	568	472,461	123,213	595,674
Regina:				
1702 Park Street	569	3,257,572	1,584,283	4,841,855
Park St. & 10th Ave. E.	500	6,297,237	—	6,297,237
Normanview Shopping Centre	502	2,578,615	1,109,934	3,688,549
1881 Broad Street	526	3,258,668	546,72	4,215,370
1165 Pasqua Street	560	2,794,036	1,422,324	4,216,360
Broadway Shopping Centre	501	3,064,005	1,27,818	4,091,823
North Albert Street	550	6,448,202	3,142,078	9,590,280
South Albert Street	557	7,482,695	1,935,573	9,418,268
188 University Park Dr.	575	1,199,469	440,762	1,640,231
Rosetown	544	935,110	305,660	1,240,770
Rosthern	513	471,674	181,826	653,500
Saskatoon				
Sutherland	572	1,416,673	761,292	2,177,965
401 20th St. W.	503	1,577,716	832,748	2,410,464
1935 1st Ave. N.	504	6,931,221	—	6,931,221
134 Primrose Dr.	570	3,495,668	1,407,619	4,903,287
Confederation Plaza	571	3,554,728	1,377,284	4,932,012
Westgate Plaza	561	2,439,463	1,527,897	3,967,360
1715 Idylwyld N.	566	2,871,289	1,265,905	4,137,194
Grosvenor Park	573	3,812,947	1,245,564	5,058,511
14 - 2605 Broadway Avenue	574	240,959	74,699	315,658
124 3rd Ave. N.	565	3,654,165	836,323	4,490,488
2325 Preston Ave.	559	6,342,325	2,297,864	8,640,189
Shaunavon	517	649,265	198,274	847,539
Shellbrook	600	480,769	225,711	706,480
St. Walburg	539	325,653	143,993	469,646
Stoughton	604	301,618	72,109	373,727
Swift Current	510	2,970,713	1,175,139	4,145,852
Tisdale	538	1,017,057	325,895	1,342,952
Unity	599	677,744	221,713	899,457
Wadena	558	794,720	190,564	985,284
Wakaw	540	391,485	170,629	562,114
Waskesiu (Summer Only)	533	296,771	145,280	442,051
Watrous	530	628,751	197,921	826,672
Watson	549	449,986	174,805	624,791
Weyburn	511	2,190,593	757,279	2,947,872
Wilkie	527	413,972	159,756	573,728
Wynyard	535	740,996	194,658	935,654
Yorkton	508	3,942,401	972,342	4,914,743
Spec Ord		943,629	—	943,629
Total		141,748,827	45,903,433	187,652,260
Less: Drug Discounts		−508		−508
		$141,748,319	$45,903,433	$187,651,752

Schedule of Purchases

Wines and Spirits Purchased

for the Year Ended March 31, 1986

Purchased from	Address	
Canada		
Alberta Distillers Limited	Vancouver, British Columbia	$1,358,831
Andres Wines (Alberta) Limited	Calgary, Alberta	962,201
B & C Imp-Ex Corp.	Vancouver, British Columbia	423
Baker, Jack, Distillers Ltd.	Toronto, Ontario	16,373
Barnes Wines Limited	St. Catharines, Ontario	127,905
Bright, T. G. & Company Limited	Niagara Falls, Ontario	361,559
Calona Wines Limited	Kelowna, British Columbia	2,201,068
Casabello Wines Limited	Penticton, British Columbia	153,231
Chateau Des Charmes Wines Ltd.	St. David's, Ontario	816
Chateau-Gai Wines	Calgary, Alberta	435,615
Chateau-Gai Wines Limited	Niagara Falls, Ontario	115,631
Corby Distillers Limited	Corbyville, Ontario	3,419,833
De Kuyper, John & Son	Montreal, Quebec	25,470
F.B.M. Distillery Co. Ltd.	Brampton, Ontario	1,222,411
Famous Brands International	Richmond, British Columbia	3,465
Finnex Agencies Ltd.	Burnaby, British Columbia	7,515
Gibson Canada Inc.	Montreal, Quebec	227,404
Gilbey Canada Inc.	Toronto, Ontario	2,469,463
Great West Distillers Ltd.	Vancouver, British Columbia	14,980
Hanschell Inniss Ltd.	St. John's, Newfoundland	9,140
Hudson's Bay Distillers Ltd.	Toronto, Ontario	33,610
Imperial Wines & Spirits Ltd.	Richmond, British Columbia	18,667
Imported Beer Company, The	Mississauga, Ontario	3,760
Inniskillin Wines Inc.	Niagara Falls, Ontario	16,407
Jordan & Ste. Michelle Cellars	St. Catharines, Ontario	1,100,019
Labatt Breweries of Canada Ltd.	London, Ontario	3,240
Labatt's Ontario Breweries	Weston, Ontario	3,983
London Winery Limited	London, Ontario	54,172
Mara, William, Company	Belleville, Ontario	6,409
McGuinness Distillers Limited	Toronto, Ontario	2,736,521
Meagher's Distillery Ltd.	Montreal, Quebec	1,175,836
Mission Hill Vineyards, Inc.	Westbank, British Columbia	58,718
Molson Brewery, B.C. Ltd.	Vancouver, British Columbia	8,429
Molson, La Brasserie Du Que Ltd.	Quebec, Canada	1,488
Morrison Distillers Ltd.	Guelph, Ontario, Canada	2,190
Okanagan Cider Co. Ltd., The	Westbank, British Columbia	174,758
Pacific Wine & Spirits Limited	British Columbia	7,215
Palliser Distillers Limited	Toronto, Ontario	206,634
Park & Tilford Canada Inc.	Montreal, Quebec	139,652
Paul Masson & Co. Limited	Beamsville, Ontario	12,506
Potter Distillers Ltd.	Langley, British Columbia	154,828
Rieder Distillery Ltd.	Grimsby, Ontario	4,126
Rumark Rums Canada Ltd.	Toronto, Ontario	66,753
Schenley Canada Inc.	Montreal, Quebec	1,419,871
Seagram Company Ltd., The	Gimli, Manitoba	2,537,100
Seagram, Joseph E. & Sons Ltd.	Montreal, Quebec	922,836
Sicks' Lethbridge Brewery Ltd.	Lethbridge, Alberta	30,076

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
Canada — continued		
Sumac Ridge Estate Winery Ltd.	Summerland, British Columbia	97
Vintage Consultants	Vancouver, British Columbia	2,368
Walker, Hiram & Sons Limited	Walkerville, Ontario	2,243,640
		$26,279,243
France		
Armagnac, Sempe	Paris	$4,755
Barre, Ets. Freres	Clisson	3,287
Barriere, A & R Freres	Bordeaux	13,845
Barton & Guestier	Bordeaux	36,366
Beaumet	Cedex	250
Benedictine	Paris	20,723
Bergerie, La	Pauillac	146,442
Bordeaux Millesimes SARL	Cedex	6,715
Borie-Manoux	Bordeaux	8,439
Bouchard Aine & Fils	Cedex	153,159
Bouchard, Paul & Cie	Cote-D'or	6,530
Calvados Boulard	Yvetot	1,283
Calvet, J. & Cie	Cedex	16,286
Caves De Wissembourg, S.A.R.L.	Wissembourg	7,261
Chapoutier, M. S.A.	L'Hermitage	3,467
Chartreuse Diffusion	Cedex	1,247
Chateau De La Gardine	Vaucluse	23,242
Chauvenet, F.	Cote D'Or	13,172
Clerget, Raoul	Charente	447
Cognac Gautier	Charente	1,049
Cointreau	Cedex	14,470
Courvoisier International	Jarnac	46,254
Crus Et Chateau De Bordeaux	Bordeaux	1,250
Cruse & Fils Freres	Cedex	25,623
Cusenier	Cedex	1,356
De Navilly, F.	Cedex	3,673
De Neuville	Cedex	25,253
Domaine Le De Saint-Jean De	Peze Nas	343
Dopff	Riquewihr	1,243
Dourthe Freres	Blanquefort	2,965
Drouhin, Joseph	Beaune	22,899
Dufouleur Freres	Burgundy	10,324
Dupuy, O. & Company	Cognac Charente	4,138
Eschenauer, Louis	Cedex	33,698
Gaston De Lagrange S.A.	Saint Ouen	6,291
Gilbey De Loudenne S.A.	Lesparre	27,427
Giraud, Robert S.A.	Girande	41,219
Heidsieck Henroit, Charles S.A.	Cedex	29,196
Hennessy, James & Company	Cognac	59,265
Henri De Villamont	Savigny	26,709
Hugel Et Fils	Riquewihr	592

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
France — continued		
Jaboulet Aine, Paul	L'Hermitage	1,824
Jaboulet Maison, Isnard	L'Hermitage	3,445
Jacques Maison, Depagneux	Rhone	1,848
Jaffelin, Maison	Cedex	8,778
Johnston, Nath'l & Fils	Bordeaux	514
Kressman, Ed & Company	Cedex	148,001
Kronenbourg, Brasseries	Cedex	16,809
Krug & Company	Cedex	3,933
Laboure — Roi	Saint George	14,516
Laine, Jules & Company	Cognac	19,578
Laugel, Michael	Marlenheim	5,042
Lichine, Alexis & Company	Bordeaux	39,072
Lupe — Cholet	Beaune	124
Mahler-Besse S.A.	Bordeaux	5,956
Maison Albert Bichot	Cedex	9,802
Maison Bouchard Pere & Fils	Cedex	14,823
Maison Henry Bouachon	Chateauneuf Du Pape	15,177
Maison Jean Jean	Gignac	6,757
Maison Louis Latour	Cedex	2,092
Maison, Sichel	Cedex	37,805
Maison Tarride Ledroit & Cie	Bordeaux	81,457
Maisonneuve, La Cie	Bordeaux	12,362
Marnier-Lapostolle	Paris	316,565
Martell & Co.	Cedex	2,003
Mau, Yvon & Fils	Gironde-Sur-Dropt	8,217
Moet & Chandon	Epernay	245,938
Moillard	Cedex	763
Mommessin, S.A.	Cedex	18,859
Moreau, J. et Fils	Chablis	20,268
Mousset, Louis S.A.	Orange	708
Mumm, G.H. & Cie	Cedex	125,362
Etablissements Noilly Prat	Cedex	7,299
Pasquier-Desvignes, S.A.	Belleville, Sur Soane	1,648
Piat Pere & Fils	La Chapelle De Guinchay	209,105
Raymond, Edmond	Bordeaux	4,195
E. Remy Martin & Co. S.A.	Cedex	35,583
Remy — Pannier	Cedex	12,689
Rodet, Antonin	Mercurey	13,181
Roederer, Louis Champagne S.A.	Cedex	24,877
Roger, Champagne Pol	Cedex	46,290
Roger, Joanne	Carignan	6,166
Ropiteau Freres	Cote D'Or	3,584
Sapin, Paul	Belleville	10,366
Schroder & Schyler & Cie	Cedex	23,246
S.E.M.A.V.	Bordeaux	20,783
Societe Baron Hoen Sica Sarl	Haut Rhin	5,895
Societe St. Raphael	Paris	1,223
S.E.G.M. Dubonnet International	Paris	46,882

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
France — continued		
Subileau, Antoine	Vallet	12,728
Thorin S.A.	La Chapelle De Guinchay	21,936
Turpin Freres & Riout	Bordeaux	4,561
Union Des Vignerons Des Cotes	Tulette	2,463
Vernaux, Moemie	Cedex	11,488
Veuve-Clicquot-Ponsardin, S.A.	Cedex	5,370
Wineguild Company Ltd.	Montreuiz Bellay	2,359
		$ 2,574,468
West Germany		
Asbach & Company	Ruedesheim	$ 5,358
Balthasar Ress K. G.	Hattenheim/Rheingau	7,574
Black Tower	Bingen/Rhein	120,162
Brauerei Beck GMBH & Co.	Bremen	3,754
Clusserath, Math. Jos	Mehring/Mosel	3,150
Deinhard & Company, K.G.A.A.	Koblenz	39,169
Doornkaat	Norden	1,679
Dortmunder Union Schultheiss-Brauerei, AG	Rheinische Strasse	10,731
Drathen, Ewald Theod. K.G.	Mosel	13,606
Dujardin & Company	Rhine	7,828
Export Union	Nieder Olm	2,679
Guntrum, Louis Weinkellerei	Rheinalle	135,304
Hechler-Erben	Alzey	3,470
Henkell & Company	Weisbaden	53,200
Jungkenn, Ernst Weingut	Oppenheim/Rhein	9,574
Keller-Geister-Kellerei Hannese & Co. KG	Briedern -Mesenich/Mosel	1,411
Kellereien F. W. Langguth Erben GmBH & Co. K.G.	Traben-Trarbach/Mosel	30,782
Kendermann, Hermann G.M.B.H.	Bingen/Rhein	29,591
Kespelher, I.	Heidenrod	609
Kloster Kellerei Bingen G.M.B.H.	Bingen/Rhein	[illegible]59
Krombacher Privatbraueret	Kromback	22,132
Langenbach & Co. G.M.B.H.	Worms	29,815
Lorch Weinkellerei, Weingut	Weinstrasse	22,566
Lothar Heinrich Agencies	Worms	10,210
Mo. Rhe.Na GMBH	Traben-Trarbach	1,815
Muller, Rudolf G.M.B.H. & Co. KG	Reil/Mosel	6,531
Nordhaus GMBH	Wilhelmstr	4,014
Pieroth, Ferdinand Weingut-Weinkellerei	Rhein	42,547
Racke, A.	Mainz/Rhein	56,654
Reh, Franz & Sohn G.M.B.H. K.G.	Leiwen/Mosel	13,801
Rheinberg Kellerei G.M.B.H.	Bingen Am Rhein	110,615
Riemerschmid, Anton	Munchen	30,075
Rosenhof Weinkellerei G.M.B.H.	Bingen/Rhein	4,519
Rudesheimer Weinkellerei GMBH	Rudesheimer Am Rhein	2,472
Schlink, Gunther, KG	Bad Kreuznach	1,106

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
West Germany — continued		
Schmitt'sches, Gustav Adolf Weingut	Nierstein Am Rhein	236,163
Schneider, Michel Nachf	Zell-Merl/Mosel	21,027
Scholl & Hillebrand	Geisemheimerstr	5,609
Schulz & Wagner GMBH	Weisbadener	8,272
Sichel, Sohne, H. G.M.B.H	Alzey	183,055
St. Johanner Weinkellerei	St. Johann	2,931
St. Ursula	Bingen	47,098
Valckenberg, P. J	Worms	11,849
Warsteiner Brauerei	Warstein	19,425
Weinkellerei Wallersheim	Koblenz Rhein	1,287
Wolfgang Zahn-Weinkellerei	Mittelheim Rhein	15,248
Zentralkellerei Badischer	Koblenz	6,093
		$1,406,109
England		
Berry Bros. & Rudd Limited	London	$16,012
Burrough, James Limited	London	29,528
Catto, James & Company Limited	London	32,215
Duncan Gilbey & Matheson	London	412
Dunhill Scotch Whiskey	London	2,306
Findlater, Mackie, Todd & Co.	London	4,960
Harvey, John & Sons Limited	Bristol	45,506
Justerini & Brooks Limited	London	74,450
Neelwell	Devon	30,859
Tanqueray, Charles & Co. Limited	London	15,989
Tia Maria Ltd.	West Sussex	124,039
United Rum Merchants Ltd.	West Sussex	244,901
Walker, John & Sons Limited	London	134,502
		$755,679
United States		
Almaden Vineyards Inc.	San Jose, California	14,657
Associated Importers Inc.	Detroit, Michigan	522,461
Beam, James Distilling Company	Chicago, Illinois	6,657
Brown-Forman International Limited	Louisville, Kentucky	45,368
Buehler Vineryards	St. Helena, California	93
Far Niente	Oakville, California	798
Fromm and Sichel Inc.	Santa Rosa, California	5,987
Galliano International	New York, New York	23,405
Gallo, E. & J. Winery	Modesta, California	36,112
Heileman, G. Brewing Co. Inc.	La Crosse, Wisconsin	1,372
Heublein International Sales Corp.	New York, New York	175
Hill, William & Company	Napa, California	2,809
Inbek	San Antonia, Texas, U.S.A.	12,835
Martini, Louis M. Winery	St. Helena, California	611
Masson, Paul Aging Cellars	New York, New York	6,720
Mirassou Sales Co.	San Jose, California	643

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
United States — continued		
Monarch Wine Co. Inc.	Brooklyn, New York	17,606
Mondavi, Robert Winery	Oakville, California	3,635
Morelli's Distributing Inc.	Minot, North Dakota, U.S.A.	46,097
National Brewery Ltd.	Pittsburgh, Pennsylvania	58
Sebastiani Vineyards	San Francisco, California	1,351
Twelve Stone Flagons, Ltd	Pittsburgh, Pennsylvania	922
Wente Brothers	Livermore, California	432
Wine Group, The	Ripon, California	4,342
		$755,146
Italy		
Badia A Coltibuono	Siena	$ 2,457
Barbi E. Colombini	Siena	150
Bersano, Antico Podere	Asti	411
Boscaini Paolo & Figli S.P.A.	Verona	4,240
Buton, Gio & C.S.P.A.	Bologna	235
Cantina Duca D'Asti	Asti	462
Cantina S. Osvaldo S.P.A.	Zovatto	129
Cantina Sociale Colli Albani	Roma	38,252
Cantina Terre Del Barola	Pie Monte	6,135
Cantine Giorgio Lungarotti, S.P.A.	Perugia	3,883
Casa Vinicola Barbi S.P.A.	Brescia	2,190
Casa Vinicola Barone Ricasoli	Firenze	1,788
Casa Vinicola Duca Salaparuta	Palermo	4,005
Casa Vinicola Fazi Battaglia	Rome	434
Castello Di Volpaia	Siena	1,499
Ca. Giovanni Battista Bertani S.P.A.	Verona	1,828
Chiant Melini S.P.A.	Sienna	7,339
Chiarli - 1860 (S.R.L. Pr. I.V.I.)	Modena	25,829
Cierrevi, S.R.I.	Forli	14,355
Cinzano, Francesco & C.I.A.	Turin	11,625
Consorzio Produttoh Vini Di Velletri	Italy	26,810
Distillerie Stock S.P.A.	Italy	2,754
Fabat S.P.A.	Rome	5,827
Florio & C. S.A.V.I.	Turin	3,625
Folonari S.P.A.L.	Verona	27,543
Fontanafredda	Torino	16,280
Frescobaldi, Marchesi, De	Florence	19,200
Gambina S.P.A.	Torino	893
Gancia, F.LLI & C. Savas Ind. SPA	Torino	23,800
Girolamo Luxardo, S.P.A.	Dante-Padova	13,125
I.L.L.V.A. Saronno S.P.A.	Saronno	32,036
Lamberti S.P.A.	Veron	73,873
Marchesi L.EP. Antinori	Florence	11,925
Marrgherita, S. S.P.A.	Venice	3,628
Martini & Rossi, I.V.L.A.S.	Torino	40,262
Mazzetti D'Altavilla	Milan	9,787

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
Italy — continued		
Poliziano S.R.L.	Siena	1,432
Premiovini S.P.A.	Brescia	4,513
Ramazzotti S.P.A.	Milan	514
Ruffino, I.L.	Brescia	29,375
Sal, A. & C. S.A.S.	Brescia	2,180
Salvalai Allessandro & C.S.P.A.	Brescia	2,469
Schlosskellerei Turmhof	Schlossweg	9,477
Societa Industriale Vinicola	Sappusi	1,018
S.V.I.P.	Vernona	9,995
Villa Banfi, S.P.A.	Rome	231,883
Zonin S.P.A.	Gambellara	156
		$ 731,626
Scotland		
Ballantine, George & Son Ltd.	Dumbarton	$ 147,129
Bass Export Limited	Glasgow	12,061
Begg, John Limited	Glasgow	6,268
Bell, Arthur & Sons Limited	Perth	12,317
Chivas Brothers Limited	Paisley	58,582
Crabbie, John & Company Ltd.	Edinburgh	1,175
Dawson, Peter Ltd.	Glasgow	15,75
Dewar, John & Sons Limited	Perth	22,590
Drambuie Liqueur Co. Ltd., The	Edinburgh	73,316
Fisher, Donald Limited	Edinburgh	1,553
Glayva International Ltd.	Midloathian	17,298
Glenlivet Whisky Co. Ltd., The	Edinburgh	11,750
Grant International, J & G	Banffshire	767
Grant, William & Sons Limited	Glasgow	18,466
Haig, John & Company Limited	Markinch	25,064
Hill Thomson & Company Ltd.	Edinburgh	7,238
Inver House Distillers Ltd.	Lanarkshire	29,922
Lauder, Archibald & Co.	Dumbarton	14,322
MacDonald & Muir Ltd.	Edinburgh	8,503
MacNish, Robert & Co. Ltd.	Dumbarton	51,026
McCallum, D. & J. Limited	Edinburgh	30,415
Sanderson, Wm. & Son Ltd.	West Lothian	5,372
Scottish & Newcastle Breweries	Edinburgh	22,350
Seagram, Joseph E. & Sons	Paisley	(46)
Stewart, J. & G. Ltd.	Edinburgh	50,080
Teacher, Wm. & Sons Ltd.	Glasgow	45,563
Walker, Hiram & Sons — Scotland	Dumbarton	8,339
		$ 697,175
Ireland		
Bailey, R & A & Co. Ltd.	Dublin	$ 284,075
Bushmills Distillery, The Old	Northern Ireland	11,183
Carolan, T.J. & Son Ltd.	Tipperary	53,668

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
Ireland — continued		
Emmet, R. & J. and Company Ltd.	Dublin	(4,746)
Irish Distillers International	Dublin	14,882
Irish Mist Liqueur Co. Ltd., The	Tullamore	11,484
O'Darby, J.J. Limited	Douglas Cork	59,475
Royal Tara Liqueurs Export Ltd.	Cork	(101)
		$ 429,920
Australia		
Carlton and United Breweries	Melbourne	$ 13,902
EMU Wine Company	Mile End	18,158
Hamilton Vineyards	Merbein	109
Lindemans Wines Pty. Limited	Lidcombe	44,578
Penfolds Wines Pty. Limited	Magill	5,625
Seppelt, B. & Sons Limited	Adelaide	46,813
		$ 129,185
Holland		
Allied Spirits & Wines	Nederland	$ 4,205
Bols Nederland B.V.	Amsterdam	41,637
Heineken Brouwerijen B.V.	Rotterdam	75,824
Utomij, B.V.	Schiedam	821
Warnink, Erven B.V.	Middelharnis	470
		$ 122,957
Spain		
Age Bodgeas Unidas, S.A.	Fuenmayer	$ 3,975
Bach, Masia S.A.	Barcelona	716
Bodegas J. Sarda S.A.	Castellbisbal	56
Bodegas Marques De Caceres	Rioja, Alta	4,963
Bodegas Montecillo S.A.	Cadiz	10,587
Bodegas Montelorca, S.A.	Logrono	3,267
Bodegas Rioja Santyago, S.A.	Rioja	5,234
Bodegas Velazques, S.A.	Rioja	2,651
Caves Lavernoya S.A.	Barcelona	7,498
Codorniu, S.A.	Barcelona	29,595
Coniusa	Barcelona	224
Cuvillo & CIA	Puerto de Santa Maria	5,314
De Muller S.A.	Tarragona	3,020
Freixenet, S.A.	Barcelona	14,919
Gonzalez Byass S.A.	Spain	9,239
Gordon, Duff & Company S.A.	Cadiz	1,193
Gordon, Duff & Company S.A.	Spain	1,378
Rodriguez & Berger, S.A.	Madrid	202
Sandeman, The House of	Cadiz	303
Torres, Miguel	Barcelona	6,932
Williams & Humbert Limited	Cadiz	11,493
		$ 122,759

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
Portugal		
Casa Dos Vinhos Da Madeira LDA	Madeira	$ 2,243
Caves Alianca Vinicola	Codex	8,760
Churchill Graham LDA	Porto	249
Fonseca, J.M., Da	Lisboa	483
Rittos, Irmaos LDA	Vila Nova De Gais	227
Serra, J. & Sons Ltd.	Lisboa	4,304
Sogrape Sociedade Commercial Dos Vinho De Mesa De Portugal, S.A.R.L.	Porto	97,537
Taylor, Fladgate & Yeatman	Vila Nova De Gais	7,527
		$ 121,330
Mexico		
Seagrams De Mexico, S.A. DECV	Ixtapaluca	$ 21,079
Tequila Sauza S.A. De C.V.	Jalisco	41,605
		$ 62,684
Denmark		
Better Brands Ltd. A/S	Slangerup	$ 782
Danisco	Glostrup	1,932
Ditlev Lunks APS	Haslev	(46)
Heering, Peter F.	Haslev	1,154
Jacobsen, J.J. Co. Ltd. A/S	Odense	17,668
Svendborg Vinkompagni A.M.B.A	Svendborg	1,404
Tuborg International	Copenhagen	31,369
		$ 54,263
Hungary		
Egervin	Szechenyi	$ 3,204
Monimpex	Budapest	48,080
		$ 51,284
Greece		
Achaia-Clauss Wine Company Limited	Patras	$ 8,406
Boutari, John & Son S.A.	Thessaloniki	3,825
Courtakis	Athens	5,737
Metaxa, S.&E.&A. Distilleries S.A.	Athens	31,660
Societe Hellenique S.A.	Athens	306
Union Des Co-operatives	Samos	802
		$ 50,736
Austria		
Gurtler, Karl E. & Co. Ges. M.B.H.	Vienna	$ 2,377
Kelleramt Chorherrenstift	Klosterneuburg	1,119
Schloss Drassburg	Siegendorf	7,006
Morandell, Alois & Sohn	Tirol	16,128
Moser, Lenz GmBH	Krems	20,416
		$ 47,046

Wines and Spirits Purchased — continued

for the Year Ended March 31, 1986

Purchased from	Address	
Japan		
Okura Sake Co. Ltd.	Kyoto	$ 5,272
Suntory Limited	Tokyo	7,050
		$ 12,322
Switzerland		
Babero BWS Wine & Spirits	Lugano	$ 9,210
Marmot Kellerei	Schweiz Suisse	935
		$ 9,945
Israel		
International Dist. of Israel Ltd.	Triaviv	$ 1,021
Societe Co-operative	Bishon-Le-Zion	3,706
		$ 4,727
Other		
AB Vin & Spritcentralen	Stockholm, Sweden	$ 7,199
Agros, Exporters	Warsaw, Poland	37,527
Alko AB	Helsinki, Finland	12,399
Co-operative Winegrowers Assoc. of South Africa	Cape Province, South Africa	8,661
Corbans Exports International	Auckland, New Zealand	797
Establissements Fourcroy S.A.	Bruelles, Belgium	3,559
Mount Gay Distilleries Limited	Barbados, West Indies	3,672
Navip. Wine & Spirit Exporters	Zemun, Yugoslavia	1,842
Qingdao Beverage Import	Qingdao, China	19,467
Vinimpex	Sofia, Bulgaria	3,502
V/O "Sojuzplodo Import"	Moscow, U.S.S.R.	26,982
		$125,607

Purchased from Other Liquor Boards

	Purchases	Sales	
Alberta Liquor Control Board	$57,765	$2,424	55,341
British Columbia Liquor Control Board	20,879	—	20,879
Manitoba Liquor Control Commission	48,150	45,836	2,314
Newfoundland Liquor Corporation	4,579	—	4,579
Liquor Control Board of Ontario	31,968	—	31,968
Quebec Liquor Corporation	4,567	1,242	3,325
Northwest Territories Liquor Control System	—	364	(364)
			118,042
Total Wine and Spirits Purchased			$ 34,662,253

Beer Purchased for the Year Ended March 31, 1986

(with comparative figures for the previous year)

		1986	1985
Carling O'Keefe Brewery Ltd.	Regina	$ 19,500,054	$ 19,899,317
Labatt's Saskatchewan Brewery Ltd.	Saskatoon	30,552,012	26,220,966
Molson Saskatchewan Brewery Ltd.	Regina	31,633,295	33,032,274
		$ 81,685,361	$ 79,152,557

Five Year Financial Review

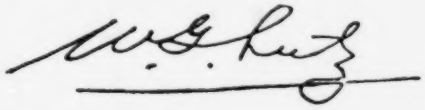
Sales	1981-82 ($000's)	1982-83 ($000's)	1983-84 ($000's)	1984-85 ($000's)	1985-86 ($000's)
Spirits					
Canadian	100,111	114,107	123,723	122,762	124,977
Imported	15,006	17,540	18,921	19,325	19,445
	115,117	131,647	142,644	142,087	144,422
Wines & Ciders					
Canadian	11,233	12,632	13,178	13,712	14,295
Imported	8,851	10,171	11,186	11,771	12,392
	20,084	22,803	24,364	25,483	26,687
Beer, Ale and Stout					
Canadian	82,484	94,531	109,777	121,960	125,706
Imported	535	666	754	710	715
	83,019	95,197	110,531	122,670	126,421
Total Sales					
Canadian	193,828	221,270	246,678	258,434	264,998
Imported	24,392	28,377	30,861	31,806	32,552
	218,220	249,647	277,539	290,240	297,550
Operating Income	78,358	90,144	107,273	108,442	112,649
Payment to Minister of Finance	49,000	110,000	79,000	71,000	84,000
Retained Earnings	61,426	44,249	75,634	116,864	149,436

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Saskatchewan Liquor Board as at March 31, 1986 and the statements of income and retained earnings and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
May 12, 1986.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1 — Balance Sheet as at March 31

	1986 ($000's)	1985 ($000's)
Assets		
Current		
Cash	$ —	$ 3,718
Short-term investments at cost which approximates market	4,408	9,572
Accounts receivable	169	121
Inventory	14,445	11,243
Prepaid expenses and supplies	321	301
Total Current Assets	19,343	24,955
Due from Consolidated Fund (Note 4)	125,800	82,800
Fixed		
Buildings, sites and equipment (Note 3)	19,217	18,755
	$164,360	$126,510
Liabilities and Equity		
Current		
Bank overdraft	$ 308	$ —
Prepaid orders	165	146
Accounts payable	10,683	6,450
Liquor Consumption Tax payable	1,171	1,088
Total Current Liabilities	12,327	7,684
Pension costs payable (Note 6)	2,597	1,962
Equity		
Retained earnings (Statement 2)	149,436	116,864
	$164,360	$126,510

(see accompanying notes)

Statement 2 — Statement of Income and Retained Earnings for the year ended March 31

	1986 ($000's)	1985 ($000's)
Total Sales (Note 7 & 8)	$297,550	$290,239
Cost of Sales (Schedule 1)	161,065	156,750
Gross Profit	136,485	133,489
Operating expenses (Schedule 2)	23,836	25,047
Operating Income	112,649	108,442
Other income (Schedule 3)	3,951	3,749
Gain (Loss) on sale of buildings, sites, and equipment	(28)	39
Net Income for the year	116,572	112,230
Retained earnings, beginning of year	116,864	75,634
	233,436	187,864
Payments to Minister of Finance (Note 5)	84,000	71,000
Retained earnings, end of year (Statement 1)	$149,436	$116,864

(see accompanying notes)

Statement 3 — Statement of Cash Flows for the year ended March 31

	1986 ($000's)	1985 ($000's)
Cash Provided By (Used In) Operating Activities		
Income From Operations	116,572	112,230
Add changes to operations not requiring a current cash payment		
— Depreciation	1,151	841
— (Gain)/loss on sale of building, sites & equipment	28	(39)
— Additions to Pension Costs Payable	635	689
	118,386	113,721
Net change in non-cash working capital balances related to operations.*	1,065	320
Cash Provided by Operating Activities	119,451	114,041
Cash Provided By (used In) Investment Activities		
Additions to buildings, sites & equipment	(1,684)	(1,978)
Proceeds from disposal of buildings, sites and equipment	43	57
Cash Used In Investment Activities	(1,641)	(1,921)
Cash used in transfer payments		
Additions in Due from Consolidated Fund	(43,000)	(36,800)
Payments to Minister of Finance	(84,000)	(71,000)
Cash used in transfer payments	(127,000)	(107,800)
Net Increase (Decrease) In Cash During Year	(9,190)	4,320
Cash Position at Beginning of Year	13,290	8,970
Cash Position at End of Year	4,100	13,290
Cash position comprises cash, (bank overdraft) and short-term investments		
*Accounts Receivable	(48)	43
Inventory	(3,202)	926
Prepaid Expenses & Supplies	(20)	(25)
Prepaid Orders	19	128
Accounts Payable	4,233	(242)
Liquor Consumption Tax Payable	83	(510)
	1,065	320

Notes to Financial Statement March 31, 1986

1. Accounting Policy

(a) Inventory

Inventory which consists of wines, spirits and beer is valued at cost which does not exceed net realizable value.

(b) Buildings, Sites, and Equipment

Buildings, sites and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straightline basis at rates designed to amortize the cost of fixed assets over their estimated useful lives. Depreciation rates are as follows:

Buildings — 2½%, 5%
Equipment — 15% - 25%
Leasehold improvements term of lease.

(c) Enforcement Expenses

A Treasury Board Regulation issued pursuant to Section 211 of The Liquor Act authorized the payment by the Liquor Board of certain expenses relative to the enforcement of provisions of The Liquor Act.

As a result, the year ended March 31, includes the following expenses:

	1986 ($000's)	1985 ($000's)
Department of Urban Affairs	$1,000	$1,000
Department of Justice	1,956	2,010
	$2,956	$3,010

(d) Pension Plans

Presently, the Board is participating in two pension plans. One is the Public Employees' (Government Contributory) Superannuation Plan. It is a cost based pension plan and all pension costs which are charged to operations are equivalent to the amount provided for funding. The other plan, the Liquor Board Superannuation Plan, is a benefit based plan and accordingly the Board has with the recommendation from its Actuary established the following policies: Current service costs are charged to operations. Past service costs arising from modification of the benefits payable under the plan or adjustments in the pension cost calculations brought about by an actuarial evaluation are charged to operations over the future working period of the present members of the plan, not to exceed 15 years. These charges are based on a level percentage of employees contributions to this plan. Any differences between amounts charged to operations and amounts provided for funding is included as a liability or deferred charge.

2. Authority

The Saskatchewan Liquor Board operates under the authority of The Liquor Act, Chapter L-18, Revised Statutes of Saskatchewan 1978.

3. Buildings, Sites and Equipment

	1986		1985	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	($000's)	$000's)	$(000's)	($000's)
Sites	$ 2,211	$ —	$ 2,211	$ 2,149
Buildings	17,013	2,901	14,112	13,985
Furniture and equipment	3,958	1,495	2,463	2,136
Leasehold improvements	1,039	608	431	485
	$24,221	$5,004	$19,217	$18,755

4. Due From Consolidated Fund

This amount represents funds deposited to the credit of the Liquor Board in the Consolidated Fund of the Province within the provisions of Section 209 of The Liquor Act and Section 16 of The Department of Finance Act, 1983 and Treasury Board Regulations. This amount, which is non-interest bearing, may be reduced as decisions are made by Treasury Board concerning the disposition of profits under Section 212 of The Liquor Act.

5. Payments to Minister of Finance

Retained Earnings are paid over to the Minister of Finance for the Consolidated Fund at the direction of the Treasury Board pursuant to Section 212 of The Liquor Act.

6. Pension Plan

The actuarial report on the Liquor Board Superannuation Fund as at December 31, 1981 established an amount of $15,205,245 for past service costs. The adjusted provision for superannuation expense for 1986 is $1,629,543 ($485,647 for current service costs, $1,143,896 for amortizing past service costs). The amount of unamortized past service costs as at March 31, 1986 is $10,536,305. The funding for the plan during 1985/86 was $994,881. The cumulative difference between the Board's provision and funding for pension costs gives rise to a $2,596,673 pension cost payable.

7. Beer Sales and Cost of Sales

The beer sales and cost of sales amounts are stated net of bottle deposits. The bottle deposit for 1986 amounted to $19,353,551 (1985 — $20,156,982.)

8. Sales

Total sales are comprised of the following:

	1986 ($000's)	1985 ($000's)
Wines and Spirits		
— in stores	$141,748	$140,487
— to special vendors	30,096	27,793
	171,844	168,280
Beer		
— to licensees	77,683	74,802
— in stores	45,903	45,071
— to special vendors	2,120	2,086
	125,706	121,959
	$297,550	$290,239

9. Related Parties

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the Financial Statement and the notes thereto.

Schedules

Schedule 1 — Cost of Sales for the Year Ended March 31

	1986 ($000's)	1985 ($000's)
Inventory, beginning of year	$ 11,243	$ 12,169
Net Purchases	116,075	112,021
Freight	4,314	4,179
Duty and excise tax	43,878	39,624
	175,510	167,993
Less inventory, end of year	14,445	11,243
	$161,065	$156,750

(see accompanying notes)

Schedule 2 — Operating Expenses for the Year Ended March 31

	1986 ($000's)	1985 ($000's)
Audit fees	$ 41	$ 50
Bank service charges	76	80
Breakages	150	152
Building operation	413	485
Communications	272	191
Customer service programs	82	257
Data processing	342	521
Depreciation on buildings	538	536
Enforcement expense (Note 1(c))	2,956	3,010
Equipment maintenance and depreciation	912	396
Grants in lieu of taxes	757	695
Insurance	53	84
Lease termination	—	551
Pension costs	1,826	1,954
Rent and utilities	1,512	1,237
Salaries, wages and fringe benefits	12,688	13,692
Stationery and supplies	597	555
Sundry	402	385
Travel and vehicle	219	216
	$ 23,836	$ 25,047

(see accompanying notes)

Schedule 3 — Other Income for the Year Ended March 31

	1986 ($000's)	1985 ($000's)
Interest	$2,700	$2,627
Permit	619	616
Sundry	632	506
	$3,951	$3,749

(see accompanying notes)